

ENERGY AND TECHNOLOGY COMMITTEE

SENATE BILL NO. 590: AAC RENEWABLE ENERGY

MARCH 7, 2008

TESTIMONY OF THE

DEPARTMENT OF PUBLIC UTILITY CONTROL

Senate Bill No. 590 would expand Project 150 by an additional one hundred megawatts. The Department is concerned that simply expanding the number of megawatts required under this program without altering the requirements associated with the projects will result in high cost projects without ratepayer benefits.

Under current law, Project 150 requires electric companies to enter into contracts running at least ten years for at least 150 megawatts of Class I renewable capacity. The renewable energy generators selected under this program will receive a price premium of 5.5¢ per kwh in addition to their costs. The generators must be located in the state. C.G.S. § 16-244c. Under the current law, the Department has approved close to 125 MW of renewable projects. The costs related to the projects are borne by electric ratepayers.

The Department is acutely aware of the importance of expanding the use of new renewable generation. While the Department is in favor of increasing renewable energy, the Department also believes that in Connecticut we have reached a point where the megawatts that are eligible for Project 150 contracts will be most likely be limited to fuel cells and possibly, solar and landfill methane gas.

While there is promise in the continued deployment of fuel cell technologies, there are also considerable drawbacks due to the costs of the technology and the variability of natural gas prices. If Round 2 of Project 150 is any indication, the average prices for the fuel cell projects were higher than other technologies. Also, the technology for the production of fuel cells is evolving and entering into contracts for 10-15 years may not be prudent. The more we move into long-term contracts, the more we may expose electric ratepayers to increased risks.

The pool of potential projects that would provide ratepayer benefits, if limited to in-state resources, is quickly shrinking. Consequently, if the Committee chooses to expand Project 150, the Department urges the Committee to revisit the geographic limitations, the project pricing elements and the time frames in current law.